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Douglas seeks aid for dairy industry

MONTPELIER — Gov. James Douglas on Tuesday asked the federal government to declare the entire state an agricultural disaster area, a move that he hopes can give Vermont's struggling dairy farmers some much-needed aid.

Calling it a "perfect storm" of weather, costs and dwindling prices for what they produce, Douglas hastily called a news conference only hours after the state's congressional delegation sounded a similarly dire warning for the state's iconic industry.

"Low milk prices, high fuel and energy cost and poor crops, or in some cases, destroyed crops, due to extended spring rains are contributing to what is now a clear crisis situation for Vermont's dairy farmers," the governor said in Burlington as he announced the disaster aid application and the formation of an emergency dairy summit.

The state's 1,200 dairy farms are facing the lowest prices for their products in three years, about \$1 a gallon, at a time when producing that gallon of milk costs 10 cents more than it fetches on the wholesale level. The price farmers get for their milk has dropped by nearly one-fifth in just the past six months, according to agricultural officials.

Throw in spiraling energy costs and the lost revenue from destroyed hay and corn crops, and farmers are in a pinch, officials say. Already, state officials estimate, farmers have lost more than \$20 million so far during this wet and dreary spring.

"Not only is it going to be rough, prices are significantly below where they were even a year ago, and they aren't expected to rise," said Anthony Pollina, a political activist who for years has represented the Dairy Farmers of Vermont, which has more than 300 members. "The average dairy farm in Vermont could see its income drop by \$50,000 or more this year related to price alone."

That is what Douglas is trying to stem.

"I encourage farmers, cooperatives, haulers, processors, retailers and

government to come together and prioritize the development of near-term solutions," the governor said.

One of those solutions is to make sure the federal government comes through with emergency funding for the dairy industry in Vermont and across the country, according to the state's three-member congressional delegation.

In a letter sent to President Bush Tuesday morning, Sens. James Jeffords and Patrick Leahy and Rep. Bernard Sanders said "immediate action is needed to prevent the loss of thousands of these farms nationwide."

Specifically, they asked the president to support a \$1.5 billion program to aid farmers with escalating energy costs, a move that could free up \$100 million for Vermont's dairy farmers. Such a plan was passed by the Senate, but stripped from an appropriations bill during discussions with the House.

"This assistance would have played a critical role in responding to the needs of our farmers," the three wrote.

The plight of the Vermont dairy industry — a \$2 billion segment of the state's economy — has been a political mainstay for years. The number of dairy farms has dropped by almost 40 percent in the past decade, the state agriculture agency estimates.

Some farmers have simply gone out of business, others have retired, and some have consolidated. Some have also begun to change the nature of their milk production, opting to put their herds into organic production methods, resulting in a raw product that commands more than twice what conventionally produced milk does.

One of those farmers is Mike Eastman, who milks 40 cows on 300 acres in Addison. His farm will be certified organic by October.

And even though he is making do on the \$1 or so a gallon his conventional milk now commands, he looks forward to when he is fully organic.

"The last check I got was pretty low, about as low as it was in 1991," he said. Because he doesn't grow corn and lets his cows graze rather than rely on grains, his overhead costs are lower than those faced by some of his neighbors. Indeed, he only needs about 300 gallons of

diesel fuel a season to cultivate his hay, a fraction of what some of his corn-growing neighbors use.

"For me, it's been a lot less of an impact," he said, saying that even without switching to organic production, he manages to pay his bills.

Should the price stay this low for a year or more, a lot of his colleagues won't be so lucky.

"It all depends on how long it stays low," Eastman said. "Some say the summer, and some are saying 18 months. Everyone would go out of business by then."

Douglas is trying to avert that, he said. By declaring the entire state an agricultural disaster area — a designation that is rarely sought or granted — farmers could apply for up to \$500,000 in low-interest loans.

The governor acknowledged that even though such aid may be helpful in the short term, it doesn't address the fundamental economic problems facing the industry.

"In the last six weeks, Mother Nature has thrown the dairy industry a curve ball, but we are not going to strike out," Douglas said of a period of time over which the state received almost double the amount of rain it normally does. "I am concerned, but optimistic. I understand from dairy industry economists that they expect we have reached the bottom of this dairy recession."